



STOs/ESA/FHO Handbook 2023-24 Tax Year

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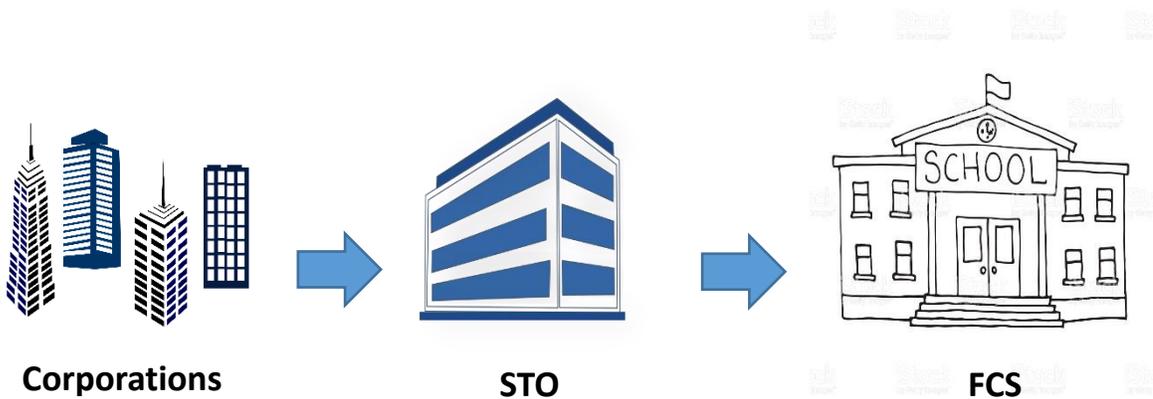
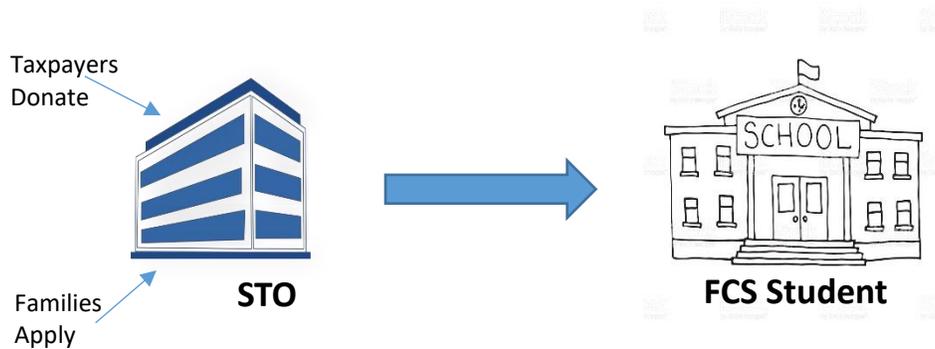
This handbook is to help navigate the sometimes-confusing process of applying for and seeking out tuition assistance. We have broken this process down into the different assistance you can receive.

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 - a. Original Individual (not income based) p. 3-5
 - b. PLUS/Switcher (not income based) p. 5-7
 - c. Corporate Low Income (income based) p. 8-9
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2. ESA- Empowerment Scholarship Account
 - a. Universal p.10-11
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3. FOH- Folds of Honor Grant p.13

***YOU CANNOT CHOOSE ESA AND STO FUNDS IN THE SAME FISCAL YEAR**

1. STOs- STUDENT TUITION ORGANIZATIONS

INDIVIDUAL AND CORPORATE TAX CREDIT SCHOLARSHIPS EXPLAINED

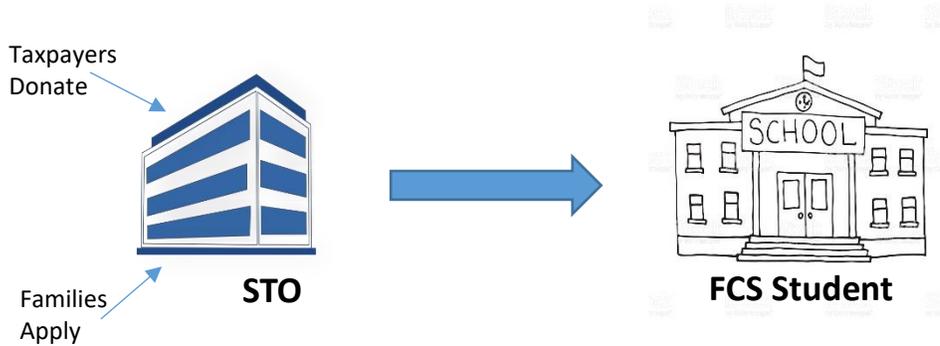


ALL FCS FAMILIES ARE REQUIRED TO ATTEND 1 TAX CREDIT MEETING PER YEAR

A. Original Individual Tax Credits

The Individual tax credit program allows Arizona taxpayers to donate money to qualified STOs and receive a tax credit of up to \$1,308 for married couples filing jointly or \$655 for single heads of a household. The STOs

then distribute those funds in the form of scholarships to students through participating private schools. The individual tax credit can be recommended toward a specific student and/or a specific school.



School Tuition Organizations (STOs)

There are more than 50 different STOs operating in Arizona and you are free to work with any you choose. A list of STOs the school is currently working with is at the end of this document. Each STO has their own deadline dates for applications and dates as to when they award scholarships.

Donors

Donors participate by making a donation to a qualified STO and then claiming the appropriate tax credit when they file their Arizona state taxes. The tax credit is used to offset the donor's Arizona state tax liability and may be carried forward for up to five years. Many families work with family members, friends, neighbors, and coworkers to receive the donations recommending their children. Those who leverage this program the most successfully are those who spend time explaining the benefits of the program to others and asking them to participate. Any taxpayer with an Arizona state tax liability may receive a dollar-for-dollar tax credit for their donation to an STO. Their liability is entitled "Subtotal of Tax" and is found on Line #48 of their AZ 140 tax form.

Recipients

The funds available through the individual tax credit program are available to all students enrolled in the private schools. There are no household income limits or other qualifications that must be met. You may receive awards totaling 100% of your tuition costs for the current school year. A student can receive multiple funds from one or more STO, this is referred to as stacking. If your student receives more funds than are needed for the current school year tuition costs, the STO will hold the excess money and will disburse the funds to the school when the following school year begins. Corporate funds are not held, and as such, are taken first before recommended funds.

Undesignated funds are also available. Although many donors make specific recommendations for a school or student, there are many donors who do not recommend anyone in particular. Therefore, the undesignated funds may be available to you ONLY IF YOU HAVE APPLIED TO THE SPECIFIC STO, so this is why we encourage you to apply to a variety of STOs.

Recommended Guidelines

You may recommend anyone who is not your child or dependent, but the selection committee retains complete discretion regarding all awards. There are no designations or guarantees. Parents cannot plan to

donate to each other's children including 1-to-1 exchanges or group exchanges; this is called swapping. The law states, "A taxpayer may not claim a tax credit if the taxpayer agrees to swap donations with another taxpayer to benefit either taxpayer's own dependent." There can be no 1-to-1 exchange and there may not be a group swap either. Participation could allow them to take your funds and make you ineligible, at which point you would need to privately pay the entire year.

Individual Tax Credit- Frequently Asked Questions (FAQs)

- How do I apply for a tuition scholarship?*
 - Complete and submit the scholarship application on the STO website. The list of STO websites is included in this packet. Financial information and a narrative are required; letters of recommendation are optional.
- What factors are considered in making the scholarship awards?*
 - The narrative provided by the parents, the financial circumstances of the family and recommendations for the student are all considered.
- If my child has been recommended for a scholarship, do I still need to send in an application along with the financial information and narrative?*
 - Yes, there must be a fully completed application for a student to be eligible for an award. This must be completed annually with all STOs you wish to participate in.
- Are scholarship awards made to individual students or families?*
 - Awards are given to individual students only and cannot be applied to families. An award cannot be transferred to a different child, even within the same family. Recommended funds can be transferred within the family prior to the given award.
- May a student receive awards from more than one STO?*
 - Yes, you are able to receive awards from more than one STO. You cannot receive STO funds if your child receives ESA funds.
- How do I talk to people to encourage them to make a donation?*
 - Sample letters, talking points, and forms are included in this packet to help you get started in talking with potential donors.
- Can someone give the full amount for private school tax credit if they also gave to the charter school?*
 - Yes, the private school tax credit is different than the \$400 charter/public school tax credit. Donors may give to both.

B. Overflow/Plus (Switcher) Tax Credits

The tax credit was signed by Governor Jaw Brewer in February 2012 and became effective in August 2012. The overflow tax credit is in addition to the individual tax credit. A donor must first give the maximum toward the original tax credit, but then has the opportunity to give an additional \$1,301 if married filing jointly or \$652 for single filers.

Student Eligibility Requirements

The overflow amount can be designated toward a specific school, or recommended for a specific student.

The following students are eligible:

- Entering kindergarten

- Received a previous Low-Income Corporate, “PLUS”/Switcher or Individual scholarship in a previous academic year **and** continued to attend a qualified private school.
- Transferring from:
 - An Arizona public or charter school with at least 90 days of attendance in the previous academic year or one full semester in the same year; **or**
 - Transferring from an Arizona homeschool program; **or**
 - Transferring from the Empowerment Scholarship Account (ESA) program in the previous academic semester; **or**
 - A public, private or homeschool program from out of state or out of country.
- Disabled preschooler enrolled in a qualified disabled preschool.
- Dependent of active-duty military stationed in Arizona on orders.

Steps to Solicit Tax Credits for Individual

1. First, start your conversation with the potential donor by explaining how the program works using information provided in the packet.
 - Talking points:
 - This program isn’t about which education is superior. It is about empowering parents to have choices regardless of income and finding the place where every student learns best, whether it be public, charter, or private.
2. Second, explain how they can benefit from the tax credits.
 - Talking points:
 - If you are married filing jointly, you can direct up to \$1245 “original” and \$1214 “plus” of your tax dollars to support Christian education, a single tax payer \$623 “original” and \$608 in “plus”.
 - This is money you already owe the state and must pay, so it is not additional money out of your pocket.
 - You can provide financial support to families by allowing their choices in where their children can attend school.
3. Lastly, explain what they need to do to donate their money through an STO and how it can benefit Flagstaff Christian Schools and your child(ren) directly.
 - Talking points:
 - When you make a donation to a qualified STO, you simply recommend our child for a scholarship and name Flagstaff Christian School as the school.
 - Our family then applies to the designated STO for the scholarship.
 - The STO will evaluate all applicants and award scholarships based on financial need, tuition requirements, and recommendations.

- When you file your taxes, you simply claim the private tuition tax credit. It is not a deduction. It is a dollar-for-dollar credit that reduces your tax liability. For more details on how to claim the credit, reference the sample tax forms included in this packet.

Sample Letter

Dear Friends and Family,

We have been very blessed that our daughter has been able to attend a wonderful private Christian school for the past two years. God led us to Flagstaff Christian School two years ago through a friend and we have been overjoyed in watching her learn and grow, both academically and spiritually through the outstanding programs at this excellent school.

As you know, the State of Arizona offers a credit to taxpayers for donations toward private school tuition. The State of Arizona offers this tax credit because they consider it a win for everyone involved. The State actually saves money, while you as a taxpayer receive a credit toward your tax liability.

Here's how it works:

1. You make a donation to a private School Tuition Organization (STO).
2. We apply to the STO for a scholarship for our kids.
3. The STO awards scholarships and the money is sent directly to Flagstaff Christian School.
4. At tax time, you claim the private school tuition credit for the amount contributed.
5. The State of Arizona provides a credit against your state taxes for 100% of your contribution (up to \$655 if single; up to \$1308 if married).
6. Due to the Overflow/Plus/Switcher Tax Credit, you can donate an additional \$1301 if married, \$652 if single or up to your maximum state tax liability.

If you are interested in more details, the full text of the law is available at the following link:

<http://www.azleg.state.az.us/>

This credit is one of several tax credits that are available to you as a taxpayer. By participating in this program, you have the ability to direct your tax dollars to programs that you choose to support. This is money you already owe the State. The State simply offers you the opportunity to designate where those dollars are spent.

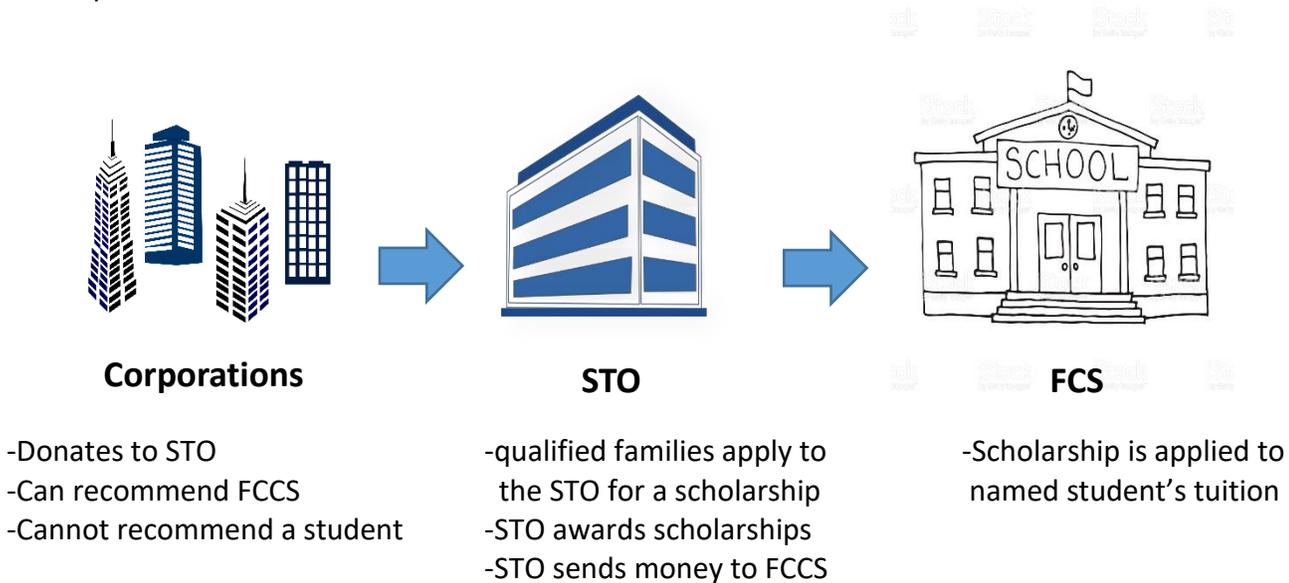
Enclosed is a brochure from [your preferred STO], a qualified school tuition organization that awards the scholarship money. The back of the brochure is a donation form that you can use to make a contribution. You can also donate online at their website.

If you choose to participate, we would be grateful if you would recommend our daughter as the student and Flagstaff Christian School as the school. If you have any questions about how the tax credit works or about Flagstaff Christian School please don't hesitate to ask us. We'd love to tell you more about all God is doing in the school, in our lives, and in our daughter's life!

Thank you,

C. CORPORATE TAX CREDITS

Arizona-based corporations make donations to Corporate STOs and have the option to specify a school, but not a specific student.



CORPORATE SCHOOL TUITION ORGANIZATIONS (STOs)

There are several STOs operating in Arizona that are qualified for the corporate tax credit program. We have provided a list of Corporate STOs we actively work with each year. It would be to your benefit to work with several as they have varying levels of corporate sponsorship and you may receive scholarships from more than one. A list of corporate STOs that FCCS is currently working with is on the last page of this document.

DONORS/CORPORATIONS

Corporations participate in this program by making a donation to a qualified STO and then claiming the appropriate tax credit when they file their taxes. A key difference from the individual tax credit program is that corporations do not recommend a specific student when making their donation. They may recommend a specific school, but that is not required.

STUDENT ELIGIBILITY REQUIREMENTS

Students must remain enrolled on a full-time basis to continue to receive the scholarship. The following students are eligible for a corporate tax credit:

- Entering kindergarten.
- Received a previous Low-Income Corporate, "PLUS"/Switcher or Individual scholarship in a previous academic year **and** continued to attend a qualified private school.

- Transferring from:
 - An Arizona public or charter school with at least 90 days of attendance in the previous academic year or one full semester in the same year; **or**
 - Transferring from an Arizona homeschool program; **or**
 - Transferring from the Empowerment Scholarship Account (ESA) program in the previous academic semester; **or**
 - A public, private or homeschool program from out of state or out of country.
- Disabled preschooler enrolled in a qualified disabled pre-school.
- Dependent of active-duty military stationed in Arizona on orders

Household Size (Adjusted Gross)	Income Threshold 2023-23
1	\$49,900
2	\$67,492
3	\$85,083
4	\$102,267
5	\$120,267
6	\$137,858
7	\$155,450
8	\$173,042
Add for more	\$17,592

D. Corporate Disabled Displaced

A child who meets at least one of the criteria listed below is eligible for the Corporate Disabled/Displaced program

- Preschool student enrolled full-time in a qualified preschool program with an Arizona public school IEP or MET. The IEP or MET do not have to be current.
- Student enrolled full time, grades K-12, with an Arizona public school IEP, MET or 504 Plan. The IEP, MET or 504 Plan do not have to be current.
- Student enrolled full time, grades K-12 that have ever been placed in the Arizona foster care system. Will be verified by the Arizona Department of Child Safety.

CORPORATE TAX CREDIT – FAQ’S

1. *Can I apply to multiple STO’s for corporate scholarships?*

- Yes. However, a student’s total corporate scholarship amount cannot exceed \$7,700 for high school and \$5,900 for elementary school from a single STO. A parent can, however, receive the corporate max from multiple corporate STO’s to cover the full tuition amount.
2. *Can I receive an individual tax scholarship in addition to a corporate tax scholarship?*
 - Yes. Receiving corporate tax scholarships does not prevent you from being eligible for individual tax scholarships.
 3. *Do I have to solicit donations from corporations in order to participate in the program?*
 - No. An application to the corporate STO is all that is required to qualify to receive funding.
 4. *What type of corporations can participate in this program?*
 - Arizona “C” corporations and some “S” corporations are eligible for the credit. You can contact the STOs listed in this packet to inquire about eligibility for a specific corporation.
 5. *How much can a corporation donate?*
 - Each individual corporation is able to donate up to 100% of their tax liability. Each year, there is a state wide cap of about \$150 million that cannot be exceeded by all the corporations combined.

2. ESA- EMPOWERMENT SCHOLARSHIP ACCOUNT

ESA funds are different than STOs but are a route some families may consider. First, let’s discuss eligibility, and then discuss some of the regulations surrounding ESA funds. **YOU CANNOT CHOOSE ESA AND STO IN THE SAME FISCAL YEAR.**

Parents have the right to choose what’s best for their family and have their education tax dollars pay for the school that meets their child’s needs. Empowerment Scholarship Accounts (ESA) make that possible.

With the ESA program, the money that would pay for that student’s education in a neighborhood school follows that student to whichever school the parents choose for their child, including education at home.

ESA dollars cover multiple education expenses such as private school tuition, curricula, educational supplies, tutoring and more.

As qualifications change yearly, please visit <https://www.azed.gov/esa> for current information.

A. Eligibility Requirements for K-12 Universal Students

1. Student’s Birth Certificate

- The applicant (the person applying) must be listed on the birth certificate (or other legal documentation).
 - If the applicant's legal name at the time of application does not match what is on the birth certificate, documentation of legal name change must be included with the birth certificate.
- As a reminder, students must be 5 years of age by January 1st of the 2022-2023 school year to be eligible for the program. However, preschool students with a disability are eligible, see additional information under "Preschool Student with a Disability".

2. Proof of Residency Document in the Applicant's Name (parent/guardian applying)

You only need to provide **ONE** of the following documents listing your physical address, ***we are unable to accept PO Boxes. This is not an exhaustive list.***

- Valid Arizona driver's license, Arizona identification card
- Valid Arizona motor vehicle registration
- Valid Arizona Address Confidentiality Program authorization card
- Property Deed / Warranty Deed
- Mortgage documents
- HOA documents
- Property tax bill
- Rental agreement or lease (including Section 8 agreement or off-base military housing)
- Utility bill (water, electric, gas, cable, phone)
- Bank or credit card statement
- W-2 wage statement
- Payroll stub
- Certificate of tribal enrollment (506 Form) or other identification issued by a recognized Indian tribe located in Arizona
- Other documentation from a state, tribal, or federal agency (Social Security Administration, Veterans' Administration, Arizona Department of Economic Security, etc.)
- For Reservation addresses: Physical address verification letter from a fire department, police department, tribal agency, or Chapter House
- Temporary on-base billeting facility (for military families)
- A notarized [Affidavit of Shared Residence](#) if you don't have a proof of residence in your name.

B. K-12 Student with a Disability

Applicant = The legal parent or guardian

Student = The student receiving the ESA award

Eligibility Requirements

- The Student must be at least five years of age as of January 1st of the application year to be eligible as an entering Kindergarten student.
- The Student and Applicant must be residents of Arizona.
- If the student is eligible to attend 1-12 grade, the student must meet the 45 day requirement.
 - This means the student must have been enrolled in an Arizona public school for 45 days of the school year (as a full-time student) prior to the application (for the current or previous school year).
 - This requirement can also be met with [online hours](#).
 - The student may be exempt from this requirement if:

- the student has not previously attended a governmental primary (K-12) school but is currently eligible to enroll in a kindergarten program (must be five years old on or before January 1st of the application year)
 - the student has not previously attended a governmental primary (K-12) school but is currently eligible to enroll in a 1st grade program (must be six years old on or before September 1st of the application year)
- Please note: Pursuant to A.R.S. 15-2401(7)(b)(iii) if a student received a tax credit scholarship from an STO under the Disabled/Displaced tuition tax credit program, the public school attendance requirement is 90 days in the prior fiscal year.
- The Student has a current **MET/Evaluation Report** or Individualized Education Program (**IEP**) or **504 Plan** from an Arizona public school.
- The Applicant (the person applying) must be the legal parent or guardian.

Document Requirements

1. Student's Birth Certificate

- The applicant (the person applying) must be listed on the birth certificate (or other legal documentation).
 - If the applicant's legal name at the time of application does not match what is on the birth certificate, documentation of legal name change must be included with the birth certificate.

2. Proof of Residency Document in the Applicant's Name (parent/guardian applying)

You only need to provide **ONE** of the following documents listing your physical address, ***we are unable to accept PO Boxes. This is not an exhaustive list.***

- Valid Arizona driver's license, Arizona identification card
- Valid Arizona motor vehicle registration
- Valid Arizona Address Confidentiality Program authorization card
- Property Deed / Warranty Deed
- Mortgage documents
- HOA documents
- Property tax bill
- Rental agreement or lease (including Section 8 agreement or off-base military housing)
- Utility bill (water, electric, gas, cable, phone)
- Bank or credit card statement
- W-2 wage statement
- Payroll stub
- Certificate of tribal enrollment (506 Form) or other identification issued by a recognized Indian tribe located in Arizona
- Other documentation from a state, tribal, or federal agency (Social Security Administration, Veterans' Administration, Arizona Department of Economic Security, etc.)
- For Reservation addresses: Physical address verification letter from a fire department, police department, tribal agency, or Chapter House
- Temporary on-base billeting facility (for military families)

- A notarized [Affidavit of Shared Residence](#) if you don't have a proof of residence in your name.

3. The Student's MET/Evaluation Report or Individualized Education Program (IEP) or 504 Plan

- Must be from an Arizona public school.
- The student's **primary category of eligibility** must be provided. Must also state the student's **school-age eligibility**.
- Must be current at the time of the application. This means it cannot have expired before the application date.
 - IEPs must be within the 'anticipated duration dates' as indicated on the documentation.
 - METs evaluations and 504 Plans must be current as indicated by the reevaluation date on the documentation, if listed.
- ISPs (individual service plans) from private schools will not be accepted.
- Evaluations from the private school will not be accepted.
- Medical or psychiatric/psychological evaluations cannot be accepted.

3. FOH- FOLDS OF HONOR

Scholarship/Grant for dependents of fallen first responders and/or US Service Members, <https://foldsofhonor.org/scholarships/>

HOW TO APPLY FOR ARIZONA TUITION TAX CREDITS

1. Once you have completed the enrollment process at Flagstaff Christian School, we recommend you visit the following School Tuition Organization (STO) websites to submit applications for your child(ren). Each STO has specific policies, but generally you must submit a new application each year to remain eligible to receive funds. Please refer to their individual websites for any applicable deadlines and distribution dates.

Corporate ONLY STOs (apply if eligible or close on \$)

Arizona Leadership Foundation
AAA

arizonaleader.org
aaascholarships.org

Individual and Corporate STOs (ALL Apply)

Institute for Better Education
Arizona Tuition Organization
Arizona Tuition Connection
Arizona Tax Credit
Arizona Private Education Scholarship Fund
Arizona Christian School Tuition Organization (ACSTO)
Northern AZ Christian Scholarship Fund
Arizona Education Scholarship Opportunity Program (AESOP)
School Choice Arizona
Arizona 4 Education

ibescholarships.org
azto.org
arizonatuitionconnection.com
aztxcr.org
apesf.org
acsto.org
nacssf.org
aesopkids.org
schoolchoicearizona.org
az4education.org

2. Invite family, friends, and neighbors to participate in the unique school choice opportunity we have available in Arizona. If they already pay state income tax (taxes withheld from their paycheck), they can automatically re-direct up to \$2,609 of their tax withholding if filing married or \$1,307 if filing single head of household. They can make a donation directly to the STO and recommend your child(ren).
3. Utilize sample letters, sample tax forms, and specific tax credit details in this packet to inform and educate potential donors.

HOW YOU CAN HELP?

1. Do your tax credit to a student at FCS or to the FCS general fund.
2. Apply early to ALL STOs.
3. Don't forget, it's NOT just applying, you need to ask for recommended funds from friends and neighbors!
4. Get businesses involved, they have separate guidelines, but they get benefits to their personal taxes as well for doing the tax credit!